

fact sheet

Summary of Proposed MassDEP Regulation: Clean Energy Standard (310 CMR 7.75)

In early January 2015, MassDEP published a proposed "Clean Energy Standard" (CES) regulation for public comment. A Massachusetts CES would implement one of the strategies in the Massachusetts Clean Energy and Climate Plan for 2020, and would provide a long-term incentive for electricity suppliers to supply clean energy to consumers in Massachusetts. The primary purpose of the CES would be to ensure ongoing progress toward reducing greenhouse gas emissions by 80 percent by 2050, as required by the Massachusetts Global Warming Solutions Act of 2008. The CES will accomplish this as fossil fuel-fired generation is gradually replaced by clean generation sources such as Canadian hydroelectric resources (clean energy supplied in compliance with the CES could include hydroelectric power from Canada).

The proposed regulation is the culmination of a lengthy technical collaboration between MassDEP, the Massachusetts Department of Energy Resources, and the Massachusetts Department of Public Utilities. This collaboration included the sponsoring of a technical study by Synapse Energy Economics in 2013, which identified a "share of sales" structure, similar to the existing Renewable Portfolio Standard (RPS) program, as the most viable approach for establishing a Massachusetts CES. The study also analyzed potential costs associated with various structures for a CES Program, finding that costs for the most relevant structure may be in the range of 2 to 3 percent of electric bills in 2030.

To learn more about stakeholder views of a CES, MassDEP shared a discussion draft of the proposed regulation with stakeholders in October 2014 and held a stakeholder meeting to discuss the proposed CES. Approximately 125 stakeholders, including private citizens and representatives of companies, municipalities, industry associations, and advocacy groups, attended the meeting. Key stakeholder reactions include support for the use of a clean energy standard to reduce greenhouse gas emissions, opposition to the proposed treatment of certain non-renewable technologies as clean, expressed concerns about costs, and opposition to the inclusion of municipalities in the proposed regulation. These perspectives were considered in developing the proposed regulation.

Major Components of the Proposed Regulation

- (1) A requirement for retail electric sellers, including municipal utilities, to provide increasing amounts of clean energy to customers in Massachusetts. The proposed amount of clean energy required in 2020 would be 45 percent of Massachusetts electric use, with the standard increasing over time to ensure achievement of mandatory greenhouse gas emission reductions goals,
- (2) A definition of clean energy that would target technologies with greenhouse gas emissions that are at least 50 percent less than greenhouse gas emissions from natural gas-fueled electric generating plants, including all renewable energy technologies that are eligible for the Massachusetts Renewable Portfolio Standard, hydroelectric facilities, and nuclear facilities. In addition carbon capture and sequestration facilities may be eligible depending on their emissions, and
- (3) Program elements and regulatory language modeled on DOER's Renewable Portfolio Standard regulation.

Massachusetts Department of Environmental Protection One Winter Street Boston, MA 02108-4746

> Commonwealth of Massachusetts Charles D. Baker, Governor

Executive Office of Energy & Environmental Affairs Matthew A. Beaton, Secretary

> Department of Environmental Protection Martin Suuberg, Commissioner

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Program Provisions

The proposed regulation would:

- Require entities to demonstrate the use of clean energy for a specified percent of retail electricity sales each year,
- Adjust the initial standard for municipal utilities to address the fact that municipal
 utilities are not required to comply with RPS,
- Count RPS compliance toward CES compliance (so the CES percentage would exceed the RPS percentage for each year),
- Require the use of GIS certificates to demonstrate compliance (like RPS),
- Allow banking, with CEC creation beginning in 2018 and 2019 for use in complying with 2020 and 2021 standards, and
- Allow compliance through alternative compliance payments.

Eligible Generators

The proposed regulation would:

- Qualify clean energy generators based on a generic 50 percent-below-natural-gas threshold
- Require clean energy generators that are RPS-eligible to qualify through DOER (not MassDEP)
- Limit eligibility to generators that commenced operation after 2010
- For projects outside the ISO-NE control area:
 - ✓ Include capacity commitment requirements identical to RPS
 - ✓ Include projects in adjacent control areas, and other control areas if power is imported to ISO-NE or an adjacent control area through a dedicated transmission line
 - ✓ Require the use of transmission capacity that commenced operation after 2010
- Require MassDEP to complete a study in 2016 of options for including existing (pre-2010) generators in the CES Program.

For More Information

The draft regulation and a Technical Support Document (which identifies specific areas for which MassDEP is soliciting comments) are available from the MassDEP web site: http://www.mass.gov/eea/agencies/massdep/climate-energy/climate/ghg/ces.html

Contact: Will Space (email: William.space@state.ma.us or telephone: 617-292-5610).

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